

SEC. 605. BASIC ALLOWANCE FOR HOUSING.

(a) CALCULATION OF RATES- Subsection (b) of section 403 of title 37, United States Code, is amended--

(1) by striking paragraph (2);

(2) by redesignating paragraph (1) as paragraph (2); and

(3) by inserting after the subsection heading the following: `(1) The Secretary of Defense shall prescribe the rates of the basic allowance for housing that are applicable for the various military housing areas in the United States. The rates for an area shall be based on the costs of adequate housing determined for the area under paragraph (2).`.

(b) MINIMUM ANNUAL AMOUNT AVAILABLE FOR HOUSING ALLOWANCES- Subsection (b) of such section is further amended--

(1) by striking paragraphs (3) and (5); and

(2) by inserting after paragraph (2) the following new paragraph:

`(3) The total amount that may be paid for a fiscal year for the basic allowance for housing under this subsection may not be less than the product of--

`(A) the total amount authorized to be paid for such allowance for the preceding fiscal year; and

`(B) a fraction--

`(i) the numerator of which is the index of the national average monthly cost of housing for June of the preceding fiscal year; and

`(ii) the denominator of which is the index of the national average monthly cost of housing for June of the second preceding fiscal year.`.

(c) LIMITATIONS ON REDUCTION IN MEMBER'S ALLOWANCE- (1) Paragraph (6) of such subsection is amended by striking `, changes in the national average monthly cost of housing,`.

(2) Paragraph (7) of such subsection is amended by striking `without dependents`.

(d) ALLOWANCE WHEN DEPENDENTS ARE UNABLE TO ACCOMPANY MEMBERS-

Subsection (d) of such section is amended by striking paragraph (3) and inserting the following new paragraph:

`(3) If a member with dependents is assigned to duty in an area that is different from the area in which the member's dependents reside, the member is entitled to a basic allowance for housing as provided in subsection (b) or (c), whichever applies to the member, subject to the following:

`(A) If the member's assignment to duty in that area, or the circumstances of that assignment, require the member's dependents to reside in a different area, as determined by the Secretary concerned, the amount of the basic allowance for housing for the member shall be based on the area in which the dependents reside or the member's last duty station, whichever the Secretary concerned determines to be most equitable.

`(B) If the member's assignment to duty in that area is under the conditions of a low-cost or no-cost permanent change of station or permanent change of assignment, the amount of the basic allowance for housing for the member shall be based on the member's last duty station if the Secretary concerned determines that it would be inequitable to base the allowance on the cost of housing in the area to which the member is reassigned.'.

(e) EXTENSION OF TRANSITION PERIOD- Section 603(b) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 37 U.S.C. 403 note) is amended by striking `six years' and inserting `eight years'.

(f) EFFECTIVE DATE; APPLICATION- (1) The amendments made by this section shall take effect on October 1, 2000.

(2) In the case of the amendment made by subsection (c)(2), the amendment shall apply with respect to pay periods beginning on and after October 1, 2000, for a member of the uniformed services covered by the provision of law so amended regardless of the date on which the member was first reassigned to duty under the conditions of a low-cost or no-cost permanent change of station or permanent change of assignment.

(3) In the case of the amendment made by subsection (d), the amendment shall apply with respect to pay periods beginning on and after October 1, 2000, for a member of the uniformed services covered by the provision of law so amended regardless of the date on which the member was first assigned to duty in an area that is different from the area in which the member's dependents reside.